partnerships
British Columbia

BRITISH COLUMBIA

Partnerships British Columbia

# Service Plan

2013/14 – 2015/16

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# Message from the Chair

On behalf of the Board of Directors, management and employees of Partnerships British Columbia Inc. (Partnerships BC or the Organization), it is my pleasure to submit the 2013/14 – 2015/16 Service Plan. This plan outlines Partnerships BC's goals and targets for the next three years, plans for achieving them, and expected opportunities and challenges.

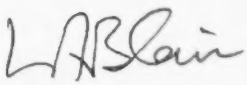
Looking forward, Partnerships BC will draw on its ten years of experience serving the interests of British Columbia in planning and managing the competitive selection process and in implementing major infrastructure projects. We will maintain an innovative and consistent approach in the Province's procurement processes, to ensure an attractive and stable market to facilitate effective planning, development and delivery of British Columbia's public infrastructure.

Partnerships BC had an exceptional year in 2012/13 with 16 projects in active procurement. We expect the volume of work to remain high throughout 2013/14, with 13 projects in active procurement. One of the Province's major infrastructure initiatives, the John Hart Generating Station Replacement Project, is scheduled to achieve a final contract during 2013/14, as are five others, including the Kitsilano and Oak Bay Secondary Schools, the North Island Hospitals Project, and the Okanagan Correctional Centre.

With regard to fiscal/expenditure management measures, Partnerships BC will respond to direction from the Ministry of Finance to assist in achieving the goals of the Province. Over the next year, Partnerships BC will continue to leverage opportunities to expand British Columbia's public and private sector experience and skills in markets outside of the provincial entity. To diversify the Organization's client base, Partnerships BC plans to continue meeting a 15 per cent target for revenue outside of the entity.

This service plan is developed to meet our clients' needs while also responding to recent direction from government with respect to corporate fiscal management objectives. Engaged qualified people have been a key factor in Partnerships BC's success, and continuing to provide an attractive and fulfilling workplace will remain a focus of our Board of Directors and management team.

Partnerships BC's 2013/14–2015/16 Service Plan was prepared under the direction of the Board of Directors in accordance with the Budget Transparency and Accountability Act. The Board approves performance measures and targets, and holds management accountable for the contents of the plan, the achievement of performance measures and targets and for ensuring that Partnerships BC achieves its specific objectives identified in the plan. The plan is consistent with the Province's strategic priorities and fiscal plan. All significant assumptions, policy decisions and risks as of January 2013 have been considered in preparing the plan.



Larry Blain,
Chair

# 1 Organizational Overview

Partnerships BC is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. It is incorporated under the British Columbia Business Corporations Act.

## 1.1 Vision

Partnerships BC's vision is to be a recognized leader in evaluating, structuring and implementing partnership delivery solutions for public infrastructure which achieve value for taxpayer dollars. The Organization is focused on delivering consistent value to its clients and is committed to long-term viability.

## 1.2 Mandate

Partnerships BC's mandate is to:

- Plan and structure partnership delivery solutions for public infrastructure that are expected to achieve value for money;
- Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development; and
- Maintain a self-sustaining organization and provide added value to an increasingly diverse client base.

## 1.3 How Partnerships BC Serves British Columbians

Partnerships BC serves British Columbians through the planning, delivery and oversight of major infrastructure projects. Partnerships BC's services are valuable to the Province's ability to undertake the planning and procurement of complex projects, specifically those involving the use of private sector expertise, services and capital.

Since its inception in 2002, Partnerships BC has participated in more than 35 projects with an investment value of approximately $12.5 billion, of which $5 billion is private sector capital. These projects – which are either operational, under construction or currently in the competitive selection process – are delivering the following benefits to British Columbians.

- Five new emergency departments,
- Two new regional cancer centres that will improve access to treatment,
- More than 1,000 new acute care hospital beds,
- More than 1,100 new residential care beds and assisted living units,
- New capacity to accommodate more than 1,000,000 annual outpatient visits,
- Two new secondary schools that will facilitate 21st century learning,
- Two new correctional facilities with security enhancements and improved capacity,
- 133 modular classrooms to reduce crowding in schools,
- Six new bridges that will improve the movement of goods and services,
- 390 kilometres of new highway that enhance driver safety,
- 30 kilometres of rapid transit, and
- Treatment of up to 500,000 cubic metres of contaminated water annually.

## 1.4 Core Business Areas

Partnerships BC provides a full spectrum of services ranging from business planning and project delivery management to advisory services during the design, construction and operations phases.

Partnerships BC's specific service offerings are described in the table below.

| BUSINESS PLANNING | PROCUREMENT PROCESS | POST-FINANCIAL CLOSE |
|---|---|---|
| • Early Project Screening<br>• Concept Plans<br>• Procurement Options Assessment<br>• Business Case<br>  ◦ Market Sounding<br>  ◦ Quantitative Analysis<br>  ◦ Risk Analysis<br>  ◦ Multiple Criteria Analysis<br>  ◦ Procurement Options Analysis | • Competitive Selection Management<br>• Evaluation Management<br>• Contract Negotiations<br>• Service Integration<br>  ◦ Consultant Reporting<br>• Project Reporting | • Design and construction phase support and advice<br>• Operations phase advice |
| KNOWLEDGE MANAGEMENT • GUIDANCE DOCUMENTS AND TEMPLATES • STRATEGIC COMMUNICATIONS<br>STAKEHOLDER MANAGEMENT • PROJECT GOVERNANCE | | |
| RECOMMENDATIONS TO TREASURY BOARD | | |

## 1.5 Principal Partners, Clients and Stakeholders

Partnerships BC provides project structuring services from the business planning stage through the competitive selection process and into design, construction and operations. Key clients include public sector agencies such as ministries, Crown corporations, health authorities, advanced education institutions, municipal governments, the federal government, and other provincial governments. To strengthen the market in British Columbia, Partnerships BC builds relationships with the business community, including private sector developers, investors, the advisory and financial services sector, as well as providers of construction, engineering and facilities management services.

## 1.6 How Partnerships BC Delivers Services

Partnerships BC's service model is a consulting model that is based on a fee-for-service structure. The Organization provides services directly through its own expertise and also by engaging external consultants where specialized advice is required.

**Location of Operations**

Partnerships BC has offices in the following locations:
2320 – 1111 West Georgia Street
Vancouver, BC V6E 4M3

300 – 707 Fort Street
Victoria, BC V8W 3G3

# 2 Corporate Governance

## 2.1 Board of Directors

Partnerships BC is governed by a Board of Directors that ensures the operations of the organization reflect the interests of the Shareholder. The initial Board of Directors was appointed July 15, 2003. Today, the composition of the Board reflects Partnerships BC's unique mandate, with Directors drawn from both the public and private sectors. The Board oversees the conduct of business and provides direction to the senior management team, which is responsible for the day-to-day conduct of the business. The Board Chair and the President and Chief Executive Officer meet with the Shareholder on key matters relating to Partnerships BC.

The Board follows governance principles as set out in the *Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations*, published by the Board Resourcing and Development Office of the Ministry of Labour, Citizens' Services and Open Government. Details on Partnerships BC's governance practices, as well as Terms of Reference for the Board, its committees and Directors, can be found at http://www.partnershipsbc.ca/files-4/governance-practices.php.

The Board is supported by two committees. The Audit and Risk Management Committee provides oversight of key financial information. This includes audited financial statements, quarterly financial statements, the Annual Report and any quarterly reports, the Service Plan, annual business plan, operating and capital budgets, and any budget presentations to government. The committee also reviews Partnerships BC's risk management, internal controls and information systems.

The Human Resources and Governance Committee assists the Board with human resource issues, compensation matters, the establishment of a plan of continuity, and development of senior management. The committee focuses on corporate governance to enhance the performance of the Organization.

| DIRECTORS | RESPONSIBILITIES |
|---|---|
| Larry Blain | Chair, Board of Directors |
| Brian Bentz | Chair, Human Resources & Governance Committee |
| Frank Blasetti | Human Resources & Governance Committee |
| Susan Conner | Chair, Audit & Risk Management Committee |
| Peter Kappel | Audit & Risk Management Committee |
| Jill Leversage | Audit & Risk Management Committee |
| Gordon Steele | Lead Director and Human Resources & Governance Committee |

## 2.2 Senior Management Team

Partnerships BC is structured into strategic service units that support project focus and operational requirements: Projects, Finance and Administration, and Partnerships Services. These business units and their primary functions are described in the table below.

**SENIOR MANAGEMENT TEAM**

**Sarah Clark, P.Eng.**
President and Chief Executive Officer

| **Doug Ewing, P.Eng.**<br>Vice President<br>Projects | **Susan Tinker**<br>Vice President<br>Partnerships Services | **Chan-Seng Lee, CA**<br>Vice President<br>Finance and Administration |
|---|---|---|
| **AREAS OF RESPONSIBILITY**<br>• Business and Market Development<br>• Project Governance and Delivery<br>• Senior Project Advice<br>• Corporate Relations | **AREAS OF RESPONSIBILITY**<br>• Business Development<br>• Policy and Practices<br>• Procurement Services<br>• Knowledge Management<br>• Shareholder Relations<br>• Communications<br>• Legal Services | **AREAS OF RESPONSIBILITY**<br>• Finance and Accounting<br>• Human Resources<br>• Administration<br>• Facilities<br>• Information Technology<br>• Contract Management<br>• Corporate Governance |

# 3 Strategic Context

## 3.1 Global

While many countries are working to resolve financial crises, governments worldwide continue to have critical infrastructure gaps and are using partnership models to deliver successful projects on time and on budget. A capital policy framework similar to British Columbia's is used by many countries, including New Zealand and Australia. There is partnership market activity emerging in the United States where 32 states have developed supporting legislation. In addition, there is increased partnership activity in many emerging markets including Brazil, Columbia, Peru and India.

## 3.2 National

The world financial markets have experienced significant turmoil since 2008, but Canada's has been relatively stable and Canadian government credit remain strong, making the domestic market more attractive for investors.

Between 2002 and 2012, more than 160 partnership projects have been or are being delivered across Canada, reflecting a mature and experienced market with a wide range of active participants. Jurisdictions across Canada continue to work together to achieve a consistent approach to procurement to increase the attractiveness of the broader Canadian market. Partnerships BC has been a significant part of this success.

## 3.3 Provincial

The British Columbia partnerships market remains one of the most attractive in the world. British Columbia continues to be seen as a stable and safe haven for investment. Canada's bond market continues to evolve, creating more flexibility and stability with regard to financing options. This has resulted in decreased project finance costs, particularly with the Province's commitment to optimize, rather than maximize, the amount of private finance in transactions.

Partnerships BC continues to build on its reputation as a centre of expertise and a flexible and reliable service provider. The Organization's role remains focused on the planning, procurement and implementation of major projects.

Partnerships BC supports the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. A component of the Organization's innovation, leadership and expertise is focused on helping clients deliver energy efficient infrastructure and new sources of green energy.

## 3.4 Risk and Opportunities

Looking ahead to 2013/14 – 2015/16, Partnerships BC has identified the following risks to its performance and developed an action plan to ensure the Organization remains on-track to meet client needs and achieve corporate goals.

| RISK AND OPPORTUNITIES | POTENTIAL IMPACTS | ACTIONS |
|---|---|---|
| SERVICE OFFERINGS | | |
| Risk: Scope of business and client base may be too small for long-term sustainability.<br><br>Opportunity: Growing recognition within and outside of British Columbia of Partnerships BC as a centre of expertise in planning and analysis around delivery of major infrastructure projects. | There is a low to moderate risk that maintaining long term financial sustainability may be difficult. | Partnerships BC will continue to consult with government agencies to understand infrastructure needs, identify project opportunities, and offer a diverse range of project delivery services, including program and policy development.<br><br>Partnerships BC will continue to respond to requests from other jurisdictions for advisory services. |
| SUCCESSFUL IMPLEMENTATION OF PROJECTS | | |
| Risk: Project delivery may not be successful in the construction phase or operations and maintenance phases.<br><br>Opportunity: Clients request ongoing assistance or support to ensure adequate budget and governance frameworks for projects are in place. | There is a moderate risk that projects may experience problems or changes during the various project phases if the appropriate budget and governance frameworks are not in place. | Partnerships BC will employ best practices during the planning and competitive selection processes (including costing, affordability, evaluation and governance) and will provide as requested advisory services during design, construction and operations stages. Partnerships BC has implemented a program of following up with clients at regular intervals on projects that are in operations. Best practices and experience will be communicated across projects to assist in successful implementation. |
| MARKET SIZE AND CAPACITY | | |
| Risk: The Province may face challenges relating to market growth in competing jurisdictions.<br><br>Opportunity: Partnerships BC's market outreach and consistent approach can continue to play an important role in ensuring British Columbia is seen as an attractive market. | There is a low risk that market participation may be diluted and competition diminished. | Partnerships BC will continue to develop and maintain relationships with market participants. The Organization will continue to apply consistent approaches to planning and implementing projects to maintain an attractive market in B.C. and will work with clients to ensure they have the tools to implement contracts successfully. |

| RISK AND OPPORTUNITIES | POTENTIAL IMPACTS | ACTIONS |
|---|---|---|
| PROJECT COSTS | | |
| Risk: Availability of private capital for infrastructure projects, cost of capital, as well as construction cost variables during the proposal evaluation and negotiation phase may reduce or negate value for money proposition estimated in the business case phase.<br><br>Opportunity: B.C. is in an excellent position to optimize, rather than maximize private financing for major infrastructure projects. | In current economic conditions, there is a low to moderate risk that expected value for money may not be achieved at financial close if markets change. | Partnerships BC will remain highly informed on financial market conditions and optimize the use of private and public debt to achieve risk transfer. |
| INTERNAL EXPERIENCE AND CAPACITY | | |
| Risk: Difficulty retaining and attracting individuals with the right expertise to deliver high-quality services. Employees are actively recruited by the private sector. | There is a moderate risk that client needs will not be adequately served over time if highly qualified individuals choose to leave the Organization. | Partnerships BC will work with government to carefully monitor the situation and find solutions, if necessary. The Organization will continue to conduct external compensation reviews and human resource strategies to benchmark against comparable public and private sector organizations. Partnerships BC will provide continuous learning opportunities for staff through targeted and relevant training. The Organization will continue recruiting activities to meet the budgeted FTE numbers. |
| TECHNOLOGICAL CAPACITY | | |
| Risk: Partnerships BC maintains a library of core documents and manages a large volume of essential information on behalf of clients. | There is a low risk of permanent information loss due to corruption or loss of electronic data. | Partnerships BC will maintain redundant IT systems with frequent and regular data back-ups. The system will be reviewed annually and updated as required. |

## 3.5 Operational Capacity

Partnerships BC has budgeted for 41.8 Full Time Equivalents (FTE) to deliver planned results in 2013/14, which is unchanged from 2012/13. Partnerships BC has sufficient financial capacity to meet its goals and targets. The budgeted revenue in the Financial Summary Outlook is based on this number of FTEs and their targeted utilization for client work.

# 4 Goals, Objectives, Key Strategies, Measures and Targets

The goals, strategies and measures are critical to Partnerships BC as they form the base from which key priorities relating to the corporate mandate are evaluated. Since 2002, the Organization has been guided by the annual Government's Letter of Expectation. From this document, the Board of Directors has developed Partnerships BC's vision, corporate goals, performance measures and service model.

The Board developed new measures and targets in fiscal 2012/13 with an assumption that the targets would remain relevant for the subsequent three years. The targets for each goal represent the Board's expectation that the management and staff will achieve a very high level of performance. For example, for both measures under Goal 1, the Board determined that a 100 per cent success rate was an appropriate target.

The Board reviews the targets annually and may revise them if warranted. For 2013/14 the Board decided to make no revisions to the goals or targets. Partnerships BC will employ a number of strategies to achieve its goals and performance measures, including:

- Maintain focus on providing core services from planning through operations phases;
- Continue applying expertise to large or complex projects;
- Diversify business with new clients and new sectors;
- Support clients in the area of capital program planning and project governance; and
- Engage with key stakeholders in the business community and market to generate awareness, support and understanding for major project benefits and delivery methods.

## GOAL 1: PLAN AND STRUCTURE PARTNERSHIP DELIVERY SOLUTIONS FOR PUBLIC INFRASTRUCTURE, WHICH ARE EXPECTED TO ACHIEVE VALUE FOR MONEY.

Partnerships BC shares with its clients a commitment to planning and structuring the optimal delivery solution for public infrastructure projects that provide value to British Columbians. Partnerships BC adds value to projects through business case analysis that determines the best procurement method to meet project objectives. Each project requires careful consideration and evaluation of project risks and how best to manage those risks to protect taxpayers' dollars.

The demand for infrastructure in the health, transportation, accommodation, and energy sectors continues. Partnerships BC is focused on opportunities in these and other sectors. Partnerships BC supports clients in analyzing the best competitive selection model for complex projects.

STRATEGIES TO ACHIEVE GOAL 1:

- Implement ongoing assessments of current and completed projects and use the feedback in subsequent projects.
- Work closely with the Ministry of Finance and clients throughout the planning process to ensure procurement model recommendations are aligned with government priorities.

| **GOAL 1 PERFORMANCE MEASURES** | **2012/13 FORECAST** | **2013/14 TARGET** | **2014/15 TARGET** | **2015/16 TARGET** |
|---|---|---|---|---|
| Procurement options analysis and recommendation aligns with government objectives | Expect 100 per cent of projects will align with government objectives | 100 per cent of projects | 100 per cent of projects | 100 per cent of projects |
| Projects achieve value for money at financial close | Expect to achieve value for money at financial close for 100 per cent of projects | Expected value for money at financial close confirmed for 100 per cent of projects | Expected value for money at financial close confirmed for 100 per cent of projects | Expected value for money at financial close confirmed for 100 per cent of projects |

## GOAL 2: SUCCESSFULLY IMPLEMENT PARTNERSHIP DELIVERY SOLUTIONS FOR PUBLIC INFRASTRUCTURE THROUGH LEADERSHIP IN PROCUREMENT, PRACTICES AND MARKET DEVELOPMENT.

A continued focus for Partnerships BC is designing and implementing competitive selection processes that are efficient, fair and transparent. As one measure of efficiency, the Organization established a procurement benchmark for partnership projects of 18 months from the date the Request for Qualifications (RFQ) is issued to financial close. Efficient competitive selection processes help to save time and money for both the public and private sectors. Partnerships BC remains committed to maintaining a high level of public disclosure related to procurements, consistent with government policy.

Project success starts with creating an attractive market for project participants. Creating a strong and competitive market for projects encourages innovation and increases value for clients and taxpayers. In turn, international companies will invest in B.C. and partner with local firms to take advantage of their expertise.

As the partnership program has matured and more projects have entered the construction and operations phase, Partnerships BC is well-positioned to provide support based on its knowledge of how project agreements are structured, and the allocation of roles and responsibilities between the public and private sector partners. There was concerted effort to review projects in the operations stage to gather real-time feedback and lessons to be applied to subsequent projects.

STRATEGIES TO ACHIEVE GOAL 2:

- Implement ongoing assessments of current and completed projects and use feedback in future projects.
- Reinforce B.C.'s reputation as an attractive market for major infrastructure projects and promote individual projects to ensure strong bidder response.
- Manage fair, transparent and consistent competitive selection processes.
- Engage with local companies and organizations to share information, discuss concerns and identify opportunities.

| **GOAL 2 PERFORMANCE MEASURES** | **2012/13 FORECAST** | **2013/14 TARGET** | **2014/15 TARGET** | **2015/16 TARGET** |
|---|---|---|---|---|
| Total competitive selection process time from RFQ to Financial Close | Expect to achieve 18 months for DBFM/O projects (with one exception) and 12 months for DB projects | 18 months for DBFM/O projects<br>12 months for DB projects | 18 months for DBFM/O projects<br>12 months for DB project | 18 months for DBFM/O projects<br>12 months for DB project |
| Level of competition and ongoing market development | Expect to achieve a minimum of four qualified respondents at the RFQ stage of every competitive selection process | A minimum of four qualified respondents at the RFQ stage of every competitive selection process, with the expectation of short listing three respondents | A minimum of four qualified respondents at the RFQ stage of every competitive selection process, with the expectation of short listing three respondents | A minimum of four qualified respondents at the RFQ stage of every competitive selection process, with the expectation of short listing three respondents |
| Level of client satisfaction with competitive selection process and implementation phase work | Expect to achieve 85 per cent customer service satisfaction rating | 85 per cent customer service satisfaction rating | 85 per cent customer service satisfaction rating | 85 per cent customer service satisfaction rating |
| Involvement in post-financial close engagements | Expect to achieve a minimum of five per cent annual revenue target from post-financial close engagements | A minimum of five per cent annual revenue target from post-financial close engagements | A minimum of five per cent annual revenue target from post-financial close engagements | A minimum of five per cent annual revenue target from post-financial close engagements |

| GOAL 2 PERFORMANCE MEASURES | 2012/13 FORECAST | 2013/14 TARGET | 2014/15 TARGET | 2015/16 TARGET |
|---|---|---|---|---|
| Number of active competitive selection processes | Expect to exceed five competitive selection processes | A minimum of three to five competitive selection processes per year | A minimum of three to five competitive selection processes per year | A minimum of three to five competitive selection processes per year |

## GOAL 3: MAINTAIN A SELF-SUSTAINING ORGANIZATION AND PROVIDE ADDED VALUE TO AN INCREASINGLY DIVERSE CLIENT BASE.

Partnerships BC is committed to the principles of fiscal responsibility and financial independence. The Board establishes net income targets. Partnerships BC's net income targets and budgeted expenses for 2013/14, 2014/15 and 2015/16 reflect direction from the Province.

As a fee-for-service organization, Partnerships BC must demonstrate its value to clients to ensure repeat business. Over the years, there has been considerable depth of knowledge and expertise developed at Partnerships BC, as well as a comprehensive library of guidance documents, templates and project examples to support clients with new projects in new sectors. Knowledge management and transfer are key components of demonstrating value to clients.

Partnerships BC continues to diversify with new clients and new sectors where its expertise can add value. The Organization continues its outreach activities to help develop and maintain a positive reputation among key stakeholders, decision makers and influencers to help secure current and prospective clients. In addition to providing services within B.C., Partnerships BC offers value to clients in other jurisdictions. This creates opportunities for BC companies to participate in other markets, in alignment with the Province's job creation and investment goals.

Partnerships BC strives to create a positive corporate culture for its employees. The ability to attract and retain high-performing staff is critical to achieving corporate goals. A key component of the recruitment and retention strategy is an effective compensation philosophy that includes the need to maintain a meaningful degree of competitiveness with the relevant external labour market. Training and development programs are offered to employees as a means of developing and preparing staff for career advancement. The results of the annual employee satisfaction survey are compared to industry standards and are an indication of the Organization's performance.

STRATEGIES TO ACHIEVE GOAL 3:

- Respond to client needs and focus on providing value-added services.
- Diversify expertise as required to support all aspects of clients' needs.
- Implement business development activities to grow business outside of the provincial entity.

| GOAL 3 PERFORMANCE MEASURES | 2012/13 FORECAST | 2013/14 TARGET | 2014/15 TARGET | 2015/16 TARGET |
|---|---|---|---|---|
| Annual financial performance meets Board-approved net income target | Expect to meet approved net income target | Meet approved net income target* | Meet approved net income target* | Meet approved net income target* |
| An appropriate balance between work with Province and work with other jurisdictions | Expect to achieve a minimum of 15 per cent (of revenue target) of work with other jurisdictions | A minimum of 15 per cent (of revenue target) of work with other jurisdictions on an annual basis | A minimum of 15 per cent (of revenue target) of work with other jurisdictions on an annual basis | A minimum of 15 per cent (of revenue target) of work with other jurisdictions on an annual basis |
| Positive employee survey results | Expect to achieve a minimum four out of five rating in annual employee satisfaction survey | A minimum of four out of five rating in annual employee satisfaction survey | A minimum of four out of five rating in annual employee satisfaction survey | A minimum of four out of five rating in annual employee satisfaction survey |

**Adjusted annually*

# 5 Performance Management and Reporting

On an annual basis, the Board reviews the performance measures and provides recommendations for change, if necessary.

There are no other agencies either nationally or internationally that are structured with the same service delivery model as Partnerships BC. Therefore, there is typically limited data from which to draw comparisons. Where possible, the Organization uses available information to benchmark performance (e.g. employee satisfaction survey results are compared against other public and private sector survey respondents). Other benchmarks, such as the goal of an 18-month procurement window, have been adopted by other agencies both nationally and internationally. Partnerships BC is confident that the performance measures used are reliable, accurate and valid. The Organization tracks data from a number of sources, including:

- The financial plan presented to the Board of Directors, which is benchmarked against comparable corporations;
- Project milestones and comparison of milestones achieved based on project plans;
- A knowledge management strategy is used to track and catalogue guidance documents, best practices and project precedents; and
- Information from client and employee satisfaction review processes.

The management team presents an operations report to the Board each quarter, tracks progress against the Service Plan, and takes corrective action as necessary to ensure the Organization remains on-track to achieve its goals.

# 6 Government's Letter of Expectation

The Government's Letter of Expectations between the Shareholder (the Government of British Columbia) and Partnerships BC provides the Government's annual direction to the Crown agency and is an agreement on the parties' respective accountabilities, roles and responsibilities. The Letter confirms Partnerships BC's mandate and priority actions, articulates the key performance expectations and forms the basis for the development of the Service Plan and Annual Service Plan Report. The Government's Letter of Expectations is reviewed and updated as required.

SPECIFIC PARTNERSHIPS BC ACCOUNTABILITIES:

| GOVERNMENT'S DIRECTION | PARTNERSHIPS BC RESPONSE |
|---|---|
| Provide a quarterly update to the Deputy Minister of Finance on PBC's capacity to maintain a self-sustaining organization. PBC should continue to pursue opportunities to showcase partnership procurement models outside of the provincial government. The quarterly update will include a summary of PBC's financial results achieved against its forecast targets, as well as emerging issues and planned mitigation strategies. | • Regular meetings are scheduled with the Deputy Minister of Finance to provide the quarterly update.<br>• Partnerships BC is continuing to leverage opportunities to showcase the British Columbia model for partnership procurement. |
| Continue to work with the Ministry of Finance to ensure that the P3 affordability best practices and project finance strategies are aligned with the principles of the provincial Capital Asset Management Framework (CAMF) and provide ongoing advice to the Ministry of Finance on other areas of capital asset management. | • Remain highly informed on financial market conditions and work with Ministry of Finance to develop deal structure innovations to respond to changing market conditions.<br>• Have regular consultations with Ministry of Finance staff regarding affordability best practices and project finance strategies.<br>• Respond to requests from the Ministry of Finance for specific advice and support. |
| Continue to engage early and work closely with the line ministries / agencies, TBS and other relevant central agencies to ensure that the key service issues, costs, benefits, and risks related to the PPP projects are clearly identified and updated in a timely manner throughout the project review and approval process. To provide opportunities for further collaboration on PPP projects and support timely engagement, PBC and client ministries should provide regular updates to TBS and other central agencies on specific emerging and current PPP projects. PBC should also facilitate ongoing dialogue with TBS and other central agencies on the PPP model and market. | • Encourage open dialogue between the client and approval entities, especially in the early stages of project development and approval.<br>• Expand level of stakeholder outreach to key clients / government agencies through workshops.<br>• Provide Treasury Board Staff with status updates on projects and the partnership market. |
| Continue to improve key stakeholders' understanding regarding the PPP methodology and projects through strategies to further educate key stakeholders about its quantitative methodology and the partnership procurement model for major capital projects. | • Partnerships BC will continue its stakeholder outreach program.<br>• Partnerships BC will continue to advise clients of the benefits of proactive disclosure of procurement documents, guidance documents and templates. |
| Actively seek opportunities to make available its valued expert assistance to ministries in the planning and procurement of capital assets with a focus on achieving best value for the province. | • Continue to meet with ministries to discuss capital plans and identify opportunities where Partnerships BC can assist in achieving best value for the province. |

| GOVERNMENT'S DIRECTION | PARTNERSHIPS BC RESPONSE |
|---|---|
| Continue to be cognisant of its supporting and complementary role on project delivery where private sector alternatives are available. | • As an agent of the Crown, Partnerships BC will, when requested by public agencies, assist project owners and support/complement private advisors to achieve successful project delivery. |
| Comply with Government's requirements to be carbon neutral under the Greenhouse Gas Reduction Targets Act, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions and reporting on those reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations. | • Partnerships BC will continue to support the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. The Organization will continue to focus on helping clients meet their energy efficiency targets. |

# Summary Financial Outlook

Partnerships British Columbia Inc.
Fiscal 2012/13 Forecast and Fiscal 2013/14 to 2015/16 Budget

| | 2011/12 Actual | 2012/13 Budget | 2012/2013 Forecast | 2013/14 Budget | 2014/15 Budget | 2015/16 Budget |
|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | |
| Fees for Service | $ 8,335,470 | $ 9,039,680 | $ 9,932,099 | $ 9,530,200 | $ 9,816,106 | $ 10,111,542 |
| Other Revenue | 134,202 | 82,000 | 116,731 | 105,500 | 130,665 | 130,835 |
| Project Recoveries | 3,745,278 | 4,240,000 | 4,266,722 | 4,212,000 | 4,340,000 | 4,360,000 |
| TOTAL REVENUE | 12,214,950 | 13,361,680 | 14,315,551 | 13,847,700 | 14,286,771 | 14,602,377 |
| **EXPENDITURES** | | | | | | |
| Human Resource Costs | 5,997,531 | 7,129,150 | 6,756,704 | 7,107,294 | 7,320,513 | 7,540,129 |
| Professional Services | 338,001 | 380,000 | 379,576 | 410,000 | 442,900 | 456,187 |
| Administration | 1,396,224 | 1,373,523 | 1,450,190 | 1,534,727 | 1,652,169 | 1,758,738 |
| Corporate Relations | 28,691 | 48,240 | 45,118 | 90,150 | 92,855 | 95,640 |
| Amortization | 161,252 | 166,347 | 156,921 | 126,664 | 134,981 | 101,450 |
| TOTAL EXPENDITURES | 7,921,699 | 9,097,260 | 8,788,509 | 9,268,835 | 9,643,418 | 9,952,144 |
| Project Recoverable Expenses | 3,745,278 | 4,240,000 | 4,266,722 | 4,212,000 | 4,340,000 | 4,360,000 |
| **NET INCOME** | $ 547,973 | $ 24,420 | $ 1,260,321 | $ 366,865 | $ 303,353 | $ 290,233 |
| **Full Time Equivalents (FTEs)** | 36.7 | 41.8 | 39.8 | 41.8 | 41.8 | 41.8 |
| **Capital Expenditures** | $ 109,368 | $ 133,388 | $ 46,000 | $ 87,000 | $ 53,000 | $ 93,000 |
| **Long Term Debt** | $ - | $ - | $ - | $ - | $ - | $ - |
| **Accumulated Surplus** | $ 13,041,860 | $ 13,066,280 | $ 14,302,181 | $ 14,669,046 | $ 14,972,399 | $ 15,262,632 |

*Key Assumptions:*

The budgeted financial information for fiscal years 2013/14 to 2015/16 was prepared based on the following assumptions:

1. Budgeted Full Time Equivalents (FTEs) of 41.8 which is unchanged compared to previous fiscal years.
2. There is no increase in Partnerships BC's charge out rates to provincial clients. The increase in fees for service revenues for fiscal year 2012/13 is attributable to increases in the number of large infrastructure procurement and out-of-entity clients.
3. Operating expenses for fiscal 2013/14 are developed on the basis of a zero based budgeting exercise and increases for fiscal years 2014/15 and beyond are based on certain one time operational initiatives and inflation.
4. Capital expenditures are for network and employee computer hardware requirements. Computer software licenses are renewed for one year period and are disclosed as administration costs.

# Glossary

**DB** – Design Build

**DBFO/M** – Design Build Finance Operate/Maintain

**RFQ** – Request for Qualifications

**RFP** – Request for Proposals

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